

## Message Text

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PAGE 01 QUITO 02557 161429Z

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 L-02 FEA-01 ERDA-05 AID-05

CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-02

INR-07 INT-05 NSAE-00 NSC-05 OMB-01 PM-03 SAM-01

OES-03 SP-02 SS-15 STR-04 TRSE-00 FRB-03 PA-01 PRS-01

USIA-06 /089 W

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R 161401Z APR 75

FM AMEMBASSY QUITO

TO SECSTATE WASHDC 5179

C O N F I D E N T I A L QUITO 2557

E.O. 11652: GDS

TAGS: EINV, ETRA, PFOR, PLOS

SUBJECT: ECUADOR'S ELIGIBILITY FOR GSP UNDER 502-B-4

REF: A) STATE 83943; B) CARACAS 2938; C) STATE 56441

1. EMBASSY IS DEEPLY CONCERNED VERY HARMFUL EFFECT ON OUR RELATIONS WITH ECUADOR OF POTENTIAL FINDING OF INELIGIBILITY FOR GSP UNDER 502-B-4 ON THE BASIS OF CONFISCATION OF CATCH. ADMITTEDLY, THIS IS A DIFFICULT LEGAL AND TECHNICAL QUESTION. NEVERTHELESS, WE WISH TO CALL DEPARTMENT'S ATTENTION TO WHAT IN ECUADOR IS CONSIDERED TO BE A CLEAR POLITICAL COMMITMENT.

2. WHEN ASSISTANT SECRETARY ROGERS TOLD PRESIDENT RODRIGUEZ LARA IN CARACAS (REF B) THAT HE WAS HOPEFUL AN OPEC SOLUTION WOULD BE FORTHCOMING SOON, THE IMPLICIT BUT VERY REAL INTERPRETATION BY PRESIDENT RODRIGUEZ WAS THAT IF THIS SOLUTION WERE FAVORABLE, ECUADOR'S GSP ELIGIBILITY WOULD BE ESTABLISHED. DEPUTY SECRETARY INGERSOLL'S SPEECH TO THE IA-ECOSOC MEETING ON MARCH 12 (REF C) ALSO CONTAINS LANGUAGE AFFIRMING THE ADMINISTRATION'S (IN THIS CASE PRESIDENT FORD'S AND SECRETARY KISSINGER'S) "CONCERN OVER THE RIGIDITIES IN  
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PAGE 02 QUITO 02557 161429Z

OUR TRADE ACT WHICH WOULD EXCLUDE VENEZUELA AND ECUADOR

FROM PARTICIPATION IN OUR SYSTEM OF PREFERENCES." IN THIS STATEMENT, AND IN SECRETARY KISSINGER'S STATEMENT IN HOUSTON THAT THE ADMINISTRATION SUPPORTS EFFORTS "TO MODIFY THE PROVISIONS OF THE TRADE ACT WHICH INVOLVE VENEZUELA AND ECUADOR," THERE RESTS THE CLEAR ASSUMPTION THAT ONLY OPEC MEMBERSHIP STANDS BETWEEN ECUADOR AND GSP.

3. IN HIS APRIL 11 SPEECH TO THE JOINT SESSION OF CONGRESS PRESIDENT FORD URGED THAT BODY TO RECONSIDER THE OPEC EXCLUSION BECAUSE OF ITS "UNFORTUNATE AND UNINTENDED IMPACT ON OUR RELATIONS WITH LATIN AMERICA..." "THIS PUNISHED," HE SAID, "TWO OLD SOUTH AMERICAN FRIENDS, ECUADOR AND VENEZUELA..." THIS PART OF THE PRESIDENT'S SPEECH WAS BROADLY AND FAVORABLY COVERED IN LOCAL PUBLIC MEDIA.

4. ALL OF THE ABOVE STATEMENTS WERE MADE FOLLOWING THE SEIZURE OF U.S. FLAG FISHING VESSELS, AND ALL BUT THE SECRETARY'S HOUSTON SPEECH TOOK PLACE FOLLOWING THE CONFISCATION OF CATCH AND THE RELEASE OF THE LAST VESSEL. THERE IS NO DOUBT THAT THESE STATEMENTS ARE TAKEN AS SOLEMN POLITICAL COMMITMENTS ON THE PART OF THE U.S. ADMINISTRATION. IF WE ARE FORCED TO RENEGE ON THEM, THE CONSEQUENCES TO THE GAMUT OF OUR RELATIONS WITH ECUADOR WILL BE MOST UNPLEASANT. HEMENWAY

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